



November 19, 2010

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

RE: Revisions to Regulation Z – Credit Protection Products
Docket No. R-1390

I would like to voice my concern on Proposed Changes to Disclosures for Credit Insurance and Debt Cancellation coverage under Regulation Z and the Truth-in-Lending Act. I strongly oppose the proposed changes to the disclosure and strongly encourage you to review the definite *slant* your staff has directed toward consumer disclosures.

At Fibre Federal Credit Union, the members are the owners of this organization. Credit insurance and debt cancellation products have proven very valuable to our members. Insurance products such as these are never necessary unless you need it. Our members have been able to avoid severe financial difficulties because they voluntarily purchased insurance to cover their indebtedness. This coverage has given them the ability to repay their indebtedness in the middle of a life changing event. Our member can testify to the valuable monetary benefits and peace of mind inherent to insurance.

Credit insurance and debt cancellation products are valuable to the Credit Union as well as the member. We receive protection on our loans from members who meet unexpected events (disability, death or unemployment). The insurance payments decrease charge-offs and loan losses.

From the proposed disclosures it is apparent that you are seeking to curb abuses some financial institutions have taken with this and other products. We offer credit protection to our borrowers in a responsible manner, designed to follow the law and fully inform our borrowers about the product. Those few greedy and misguided institutions should be punished for their abuses; however, not the entire financial industry as a whole. The insurance we are discussing in this response is voluntary insurance.

Our sale of voluntary insurance is always disclosed to our members. We want members to know of the insurance availability, what they are insuring and its cost. If and when a member changes their mind after the initial insurance purchase we immediately cancel the insurance and no further cost is passed on to the member.

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I believe many of your proposed disclosures are inaccurate and misleading to consumers. Of the new requirements, I am opposed to the statement that *"the consumer should stop to review the disclosure"*, together with a statement *"that the consumer does not have to buy the product to get or keep the loan or line of credit."* It is exactly this case that those who do not meet this standard should be punished. Consumers should always review their disclosures and loan documents prior to finalizing a loan. Our consumers have this responsibility and ability to do this on all of our loan transactions, and I do not feel that this needs to be called out in such a manner to those who have consistently been meeting the intent of Truth-in-Lending. If the intent of this section is to advise consumers that there are eligibility requirements, conditions and/or exclusions that may apply to the insurance, then this should be clearly stated.

Another part of the proposal I have discord with is where the following statement is included; *"if the consumer already has enough insurance or savings to pay off or make payments on the debt if a covered event occurs, the consumer may not need the product."* This is a good example of government interference in the responsibility of consumers. Even with adequate savings it is still often worthwhile to insure an event which could deplete savings or cause expenses in an unexpected manner (i.e. medical). This is no different that someone having enough in savings to cover an auto purchase of \$50,000.00. The difference between full coverage and basic liability is considerable. There is no requirement that states you may not need this insurance. Insurance is the regular consumers' protection against catastrophic financial harm.

The statement that *"other types of insurance can give the consumer similar benefits and are often less expensive"* is excessive. For regular consumer loans this statement does nothing to educate the consumer about the different types of available insurance and/or who might provide it. Consumers are not the best shoppers. They trust the Credit Union to provide a quality product and a fair price so they do not need to shop the marketplace. To provide a complete explanation of every type of insurance and every carrier and exclusions to different types of policy will kill the value and providers in the marketplace for credit insurance. As an agency of the federal government, I feel you have overstepped your authority by providing government mandated advice to consumers.

Consumers have always been given notification and signature authority to qualify for credit insurance products. Those who have not met this standard should be held accountable. An additional disclosure is not required.

From a practical perspective consumers enjoy more benefits from credit insurance than not having this product readily available. Were it not for the benefits to our members, the administration of this product could easily have us remove it from our product offering.

We believe additional disclosures will hurt us and our borrowers. The proposed disclosures are misleading and do not meet the purpose of the Truth-in-Lending Act.

The language in the proposal indicates bias and negativity on behalf of the agency. Please withdraw the credit protection proposal and leave the current disclosures in effect.

Sincerely,



Larry A. Hoff
President/CEO